

## **EXHIBIT G**

APPEL'D

ME4011004225

May , 1988

To: The Field Force

Re Market the Product not the Illustration

For fifty-odd years interest rates have been stable or going up. Dividend scales developed by companies changed infrequently, and for a long time actual experience proved to be better than illustrated. In recent years interest rates have backed off somewhat with the result that some of our competitors have had to reduce their dividend scales and similar action is imminent with many others.

A recent Tillinghast survey indicated that 10 out of 18 of our competitors will be lowering their dividend scales either this year or next. As a result, companies like Metropolitan, who rely on the portfolio rate philosophy, will have a major advantage over those companies that rely on "short term" strategies.

As more and more of our customers experience these reductions it is only natural for them to become more careful about accepting dividend scale projections at face value. Attempting to downplay their skepticism is not the best way to handle this situation. In the long run it is better to meet them halfway; get on their side and educate them regarding the products, dividend interest rate philosophies and the company (Metropolitan) you are recommending.

But with the variety of new products available, compounded with the complexity of sales illustrations, finding the policy that best suits your customer is a difficult task. It is essential that, in competitive situations, you be able to explain to your customers the difference. The interest rate philosophy a company uses greatly influences the rate of return they illustrate and pay.

To assist you in this matter we have prepared an interest rate philosophy explanation sheet accompanied by dividend scale trends of some of our major competitors. The time is right for us to seize the advantage... our competitive portfolio rate of return will position you and our products ahead of the competition.

Personal Insurance Marketing

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Source: "Production and Use Subject to Case Management and Procedures"  
Order in MCL No. 1091 United States Dist. Ct.

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SUMMARY OF SOME OF THE PHILOSOPHIES BEING EMPLOYED BY  
METROPOLITAN AND OTHER COMPANIES

**PORTFOLIO RATE:** Support product with the entire block  
of investments purchased for the line of business - assets  
are not allocated to particular products.

- More predictable pattern of investment yields -  
allowing more competitive mortality, load and  
expense charges;
- Small fluctuations in rates credited to the  
product as interest rates change:
  - Good when rates fall;
  - Bad when rates rise.

**NEW MONEY RATE:** Interest rates credited to products are  
based on achievable yields on currently available  
investments.

- More volatile pattern of investment yields  
requiring less competitive load and expense  
charges;
- Large fluctuations in rates credited to the  
product as interest rates change:
  - Good when rates rise;
  - Bad when rates fall.

**NEW MONEY RATES WITH JUNK BONDS:** Support the product  
with very risky but high yielding investments such as  
junk bonds.

- Tremendous investment risk of default;  
Possible exceptional return or devastating loss.

**ARTIFICIALLY HIGH INTEREST RATES:** Introduce product  
with an artificially high rate, then lower to a more  
profitable rate after a short time.

- Bad consumer reactions;
- Possible loss due to initial commitments;
- Possible persistency problems after the  
"bait is switched".

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Notice: Production and Use Subject to Case Management and Protective  
Orders in MDL No. 1091 United States Dist. Ct.

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## WHOLE LIFE COMPETITIVE POSITION 1988 vs. 1986

NONSMOKER LIFE - STD. (25M), PFD. (100M)

MALE 35

\$25,000

Company	Premium	TCV(AI) Age 65	TCV/\$1 of Premium			Rank 1987	Rank 1986
			1988	1987	1986		
Metropolitan L95	\$ 408.25	\$ 41,075	100.61	100.61	89.72	6	7
Metropolitan Whole Life	360.75	38,450	106.58	106.58	100.67	4	6
Equitable	N/A						
J. Hancock	392.75	33,263	84.69	84.69	84.69	7	8
Prudential	340.75	35,216	103.35	103.35	158.49	5	3
Guardian	355.00	48,131	135.58	153.17	199.33	1	1
New England Life	347.25	42,469	122.30	130.58	159.35	2	2
Northwestern Mutual Life	405.75	46,093	113.60	111.88	134.19	3	4

\$100,000

Metropolitan L95	1,498	165,500	111.81	111.81	94.09	7	7	9
Metropolitan Whole Life	1,258	151,800	120.67	120.67	106.23	5	5	8
Equitable	1,355	148,714	109.75	109.75	127.73	9	9	6
J. Hancock	1,172	161,732	114.36	114.36	114.36	6	6	7
Guardian	1,366	192,523	140.94	170.56	206.92	1	1	1
NYLIC	1,190	150,600	126.55	126.89	135.02	3	4	5
Prudential	1,273	140,864	110.66	110.66	173.84	8	8	2
New England Life	1,284	169,875	132.30	138.10	168.53	2	3	3
Northwestern Mutual Life	1,351	167,275	123.82	139.62	151.17	4	2	4

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"Notice: Production and Use Subject to Case Management and Protective  
Orders in MDL No. 1094 United States Dist. Ct."

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## WHOLE LIFE COMPETITIVE POSITION 1988 vs. 1986

NONSMOKER LIFE - STD. (25M), PFD. (100M)

MALE 55

\$25,000

Company	Premium	TCV(AI) 20 Years	TCV/\$1 of Premium				Rank 1987	1986
			1988	1987	1986	1988		
Metropolitan L95	\$1,092.00	\$ 35,550	32.55	32.55	32.73	6	6	7
Metropolitan Whole Life	920.75	31,725	34.46	34.46	33.26	3	4	6
J. Hancock	912.75	26,673	29.22	29.22	29.22	7	8	8
Prudential	825.75	27,287	33.85	33.05	42.73	5	5	2
Guardian	888.25	30,425	34.25	42.41	39.04	4	1	4
New England Life	808.25	31,080	38.48	39.91	44.80	1	2	1
Northwestern Mutual Life	974.50	35,950	36.89	39.90	41.10	2	3	3

\$100,000

Metropolitan L95	4,067	143,080	35.16	35.16	33.31	7	7	9
Metropolitan Whole Life	3,311	124,500	37.60	37.60	33.91	3	5	8
Equitable	2,987	103,382	34.68	34.68	39.46	8	8	6
J. Hancock	2,849	123,698	35.88	35.88	35.88	5	6	7
NYLIC	3,364	142,893	42.48	39.36	42.08	1	1	3
Prudential	3,213	109,147	33.97	33.97	45.69	9	9	2
Guardian	3,418	121,700	35.61	45.86	41.13	6	1	5
New England Life	3,128	124,321	39.74	39.98	45.92	2	3	1
Northwestern Mutual Life	3,026	110,600	36.55	40.84	42.08	4	2	3

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"Source: Production and Use Subject to Case Management and Procedure  
Orders in MDL No. 1091 United States Dist. Ct."

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Verice: Production and Use Subject to Case Management and Progressive Orders re MOL No. 1971 United States Dist. Ct.







